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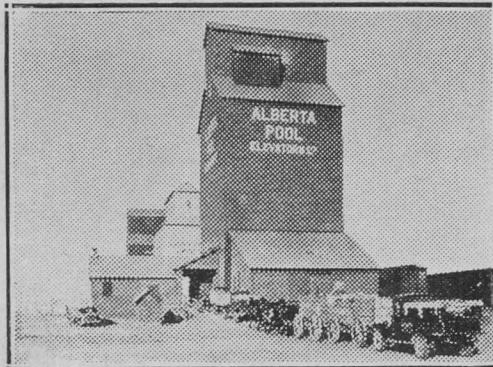
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A Brief Summary

of the

Wheat Pool Movement

in Western Canada



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SUMMARY OF WHEAT POOL MOVEMENT

The primary purpose which inspired the launching and development of the Wheat Pool movement was the providing of a measure of control of the selling of Western Canadian wheat by the farmers themselves. This objective was based on the desire of the wheat growers to obtain for their product something like a parity value as compared with the values of commodities and articles they had to buy.

Had the Wheat Pool's objective been fully realized the economic crisis would never have created the havoc it did in Western Canada. The basic cause of the depression in Canada, as well as in the rest of the world, lies in the fact that agricultural products declined in value much more than the prices for other goods and services. The farmers' buying power was thus destroyed.

Had other large wheat growing countries of the world set up similar organizations to the Canadian Wheat Pools it is reasonable to suppose that the occurrence of disastrously low prices would have been prevented. The present view of many leading men among world nations today is that only through such organizations acting on an international plane can such price debacles, as have occurred within the last five years in farm products, be prevented in future.

EARLY SUCCESS

During the first six years of the Wheat Pool's existence their success was phenomenal. Year after year Pool salesmen disposed of vast quantities of grain to importers in scores of countries and returned satisfactory remuneration to the Canadian growers for their efforts. Prices obtained each year, basis 1 Northern at terminals, were as follows:

1923-24	\$1.01
1924-25	1.66
1925-26	1.45
1926-27	1.42
1927-28	1.42½
1928-29	1.20¾

From 1923-24 to 1929-30 the three Pools handled over a billion bushels of grain and distributed net proceeds to Pool members of \$1,299,983,404.98. Besides this huge amount distributed as grain sales, more than six million dollars was paid out as elevator patronage dividends, after paying all expenses of operation, depreciation and all proper charges.

In addition to this the three Pools built up extensive elevator systems, the operation of which was based on the fairest method of handling ever put into effect in Western Canada. The democratic form of control set up, together with the policy adopted of full publicity, gained for these elevator systems a very favorable reputation among grain growers. The total number of country elevators operated in the three western provinces was 1650 with capacity of 67,849,300 bushels and 13 terminals with capacity of close to 40 million bushels.

THE 1929-30 SITUATION

The crisis which the Wheat Pools encountered in 1929 arose through the unexpected and unprecedented fall in wheat prices incident to the commencement of the depression. The Pools had fixed a dollar a bushel as an initial payment, considered by almost everybody in the world as a reasonable sum. It turned out that this was more than could be obtained for the wheat when it was sold and the Pools were confronted with the losses as a consequence.

There have been accusations that the Pools withheld wheat from the market in 1929 and were responsible to some degree for the subsequent collapse of prices. Also that the Pools refused an offer of a fair price, made by Rt. Hon. J. H. Thomas on behalf of the government of Great Britain, for a considerable volume of wheat.

With regard to the charge of withholding wheat from the market in 1929, Pool officials have denied this time and again and presented proofs to show that this accusation is not true. Subsequent events have substantiated their claim. No less an authority than the independent Food Research Bureau of Stanford University has vitiated this charge. Furthermore, the record of the Canadian wheat carryover shows that the Wheat Pool carried over less than its proportion.

POOL'S PROPORTION OF TOTAL CANADIAN CARRYOVER

1925-26—1929-30

July 31st	Total Carry- over Canadi- an Wheat (Million Bushels)	Unsold Pool Wheat	Grain Trade Percentage Carryover	Pool Per- centage of Carryover.	Percentage of crop mar- keted by Pool
1926	29	20	48.6	51.4	52.2
1927	53	39	26.4	73.6	53.1
1928	92	12	86.5	13.5	51.1
1929	127	52	59.0	41.0	51.3
1930	130	67	48.6	51.4	51.3
Total	441	190			
Percentage for five years			56.8	43.2	51.4

THE THOMAS INCIDENT

The truth of the matter regarding the alleged offer for Pool wheat by Rt. Hon. J. H. Thomas is as follows:

At the request of the British Government, conferences were arranged with the Rt. Hon. J. H. Thomas, Lord Privy Seal in the British Cabinet, and representatives of the Wheat Pools on September 2nd and 3rd, 1929, at Winnipeg.

Discussions took place on the possibilities of facilitating the interchange of commodities between Canada and the United Kingdom, having regard in particular to the desirability of ensuring an even flow of outward and return cargoes between Canada and the United Kingdom.

At the first conference with Wheat Pool officials, it was evident that Mr. Thomas was under the impression that the Canadian Wheat Pools had been refusing to sell wheat at prevailing prices. The situation was fully explained to him and Mr. Thomas expressed himself as quite satisfied that the Canadian Wheat Pools were anxious to dispose of their wheat, and were freely offering it to consumers at prevailing prices. When quoted some months later as criticising the policy of the Pools, Mr. Thomas, in an official interview, sent to the Canadian Press by the British High Commissioner, made the following statement:—

"My attention had been drawn to comment in Canada upon a statement made by me in the House of Commons on the first of April. The suggestion that the statement was

based upon any feeling that the Pool had been attempting to hold up wheat is wholly baseless. My statement was made in reply to an opposition supplementary question and was based on assurances given me at Winnipeg in September, that the Pool had been anxious to sell at prices substantially lower than those prevailing. I fully accepted these assurances, and welcomed them as evidence of a friendly attitude towards my plans for encouraging more regular interchange of goods between Canada and Great Britain. I trust you will give full publicity to this explanation. As you know, I fully appreciate the difficulties with which the Pool has been confronted, and I earnestly hope the situation may soon rectify itself to the advantage of both countries."

Before returning to England, Mr. Thomas made an urgent request that representatives of the Pool should continue the conferences with himself and other representatives of the British Cabinet, and Messrs. A. J. McPhail, D. R. McIntyre and W. A. MacLeod held several conferences with the Lord Privy Seal and other members of the British Government in London early in February. A proposal was made by Mr. Thomas which the Pool representatives were prepared to recommend to the serious attention of the Pool Boards, but the negotiations which Mr. Thomas had been carrying on for the sale of British coal in Canada on a large scale broke down, and the plan had to be abandoned for the time at least.

THE LOAD BORNE BY THE POOL

What the Pools did do was to refuse to break the fictitiously high market in Winnipeg created by frenzied speculation on the Winnipeg Grain Exchange during the last half of 1929. The peaks to which wheat prices rose on the exchange prevented the sale of Canadian wheat. Had the Pools inaugurated a "bear" programme and broken the price level they would have been faced with the calumny of the wheat growers of the world.

To that degree the Pools were responsible. They tried to prevent a break in prices to the extreme low levels which threatened later on. In so doing they undertook a responsibility to Western Canadian wheat growers which was subsequently assumed by the Dominion Government. In the leading countries of the world the various governments undertook similar responsibilities for their wheat growers. In the United

States the Federal Government spent hundreds of millions of dollars to hold the price around \$1.30 a bushel. In France, hundred of millions of francs were spent yearly to maintain wheat prices at a high level. Italy, Germany, and to a lesser extent Great Britain, followed the same course, the governments providing the funds. In Canada, in the early part of the depression, the Canadian Wheat Pool bore the load.

THE GOVERNMENTAL GUARANTEE

The cost to the Pool organizations was considerable. In the case of the Alberta Wheat Pool the amount was five and a half million. Had the Pool been called upon to pay this immediately the organization would have gone out of business and its assets disposed of at bargain prices. However, the provincial governments of the three prairie provinces undertook to save these organizations by means of guaranteeing the overpayment. In Alberta the government issued its own bonds to the banks in the aggregate of \$5,649,000.00. In turn it took the Alberta Wheat Pool's bonds for the same amount payable over a period of twenty years. As security the government took a mortgage on the entire assets of the Pool valued at approximately \$10,000,000.00.

In the intervening years the Alberta Wheat Pool, as well as the Wheat Pools of Saskatchewan and Manitoba, has made the full payment of principal and interest promptly, and every indication suggests the province will not lose a cent in the transaction and the farmers who contributed to the building of the Pool's facilities will eventually have their equity restored to them free of debt.

Today the Alberta Wheat Pool's financial standing is superior to that of any grain company of which full financial records are obtainable. Its liquid assets on July 15, 1934, totalled \$4,117,234.47 over current liabilities and its total assets in excess of the government guarantee \$4,351,842.25.

The Alberta Government's guarantee of the Alberta Wheat Pool has not cost the tax payers of Alberta one cent to date. If the organization is left alone and permitted to work out its own destiny without mischievous molestation from individuals and corporations it will be able to clear itself of all indebtedness within a reasonable period of time.

